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UNCLAS KUALA LUMPUR 000703

SIPDIS

PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A

TAGS: ETTC KOMC MY

SUBJECT: BLUE LANTERN RESPONSE ON MALAYSIAN FIRM'S APPEAL  
ON PRE-LICENSE END-USE CHECK ON APPLICATION 050088296

REF: EMAIL ON 7 AUGUST 2008

¶1. Pursuant to reftel email inquiry, KL Embassy Econ staff re-contacted Orogenic Resources - a Malaysian firm located outside of Kuala Lumpur that had appealed a negative USG response on its request to purchase eight (8) G2000 Gyroscopes manufactured by Northrop Grumman, Litton Systems Inc. Contrary to their uncooperative communication before, this time Orogenic was amenable to open dialogue and a site visit. Econoff visited the site on 28 July and received a briefing from three Orogenic Resources managers, as well as a site tour. The Orogenic managers, including Mr. Saidi Ideris and Mr. Ku Izhar Ku Bahurudin -- apologized profusely for their earlier refusal to provide a site visit and for their miscommunication. They showed two video presentations and allowed a question and answer session which satisfactorily responded to Econoff's requirements. Afterwards, the Orogenic managers showed Econoff the location where the gyroscopes would be kept if Orogenic is allowed to purchase them. The storage facility appeared secure.

¶2. The USG refusal to sell the gyroscopes enabled a 180 degree turnaround of cooperation from Orogenic, which apparently had thought that minimal cooperation with the U.S. Embassy was all that it needed to secure the sale. With the USG refusal, Orogenic saw the writing on the wall and agreed to cooperate. With this in mind, Econoff was able to find answers to his questions and now recommends the sale. As background, the managers said that Orogenic's principal customers are Petronas, Hess, Shell, ExxonMobil, and Murphy Oil, and that Orogenic has a separate "Mud Logging and Gyroscope" division, which was featured within the video presentations and handouts that were given to Econoff. The company intends to use the gyroscopes with petrochemical customers such as , to determine if new oil wells in Malaysia are being accurately drilled. More specifically, the equipment is used for bore hole surveys on about 10 separate oil drilling rigs.

¶3. The company plans to order approximately two of the gyroscopes in the near future (2008), followed by two gyroscopes over the next three years (through 2011). The company claimed that it does not wish to purchase them all at once. The company's headquarters facility is a medium-sized facility in the Shah Alam industrial district -- specifically No. 17 Jalan Astaka U8/84 Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Malaysia. Orogenic employees would be handling the gyroscopes at all times. Now that Orogenic Resources has proven to be cooperative, we recommend completion of the proposed sale.

KEITH